

Message Text

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PAGE 01 TOKYO 10873 220049Z

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ACTION COME-00

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R 220020Z AUG 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 4066

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E.O. 11652: N/A

TAGS: ETRD, JA

SUBJECT: JAPANESE EXPORT PRICING HYDRO ELECTRIC POWER EQUIPMENT

REF: A. STATE 181562 AUG 20, 1974 B. TOKYO 8963 JULY 9, 1974

C. TOKYO A-68 JAN 30, 1974 D. TOKYO A541 AUG 21, 1974

SUMMARY: IN VIEW DECLINING DOMESTIC ORDERS IT LIKELY JAPANESE MFRS. HEAVY ELECTRICAL EQUIPMENT MAKING INTENSIVE EFFORTS TO WIN EXPORT CONTRACTS. LOCAL REPS GE AND WESTINGHOUSE UNABLE DOCUMENT LONG HELD BELIEF JAPANESE FIRMS CHARGE HIGHER PRICES DOMESTICALLY THAN FOR EXPORT. EMBASSY WOULD APPRECIATE MORE SPECIFIC INFORMATION RE U.S. PROJECT MENTIONED REF A BEFORE INQUIRING. END SUMMARY.

1. REFS. B-D CONTAIN BACKGROUND RE JAPANESE ELECTRIC POWER GENERATING MACHINERY INDUSTRY AND 1974 BUSINESS FORECASTS. "44TH ELECTRIC POWER SURVEY (JUNE 1974)," CERP PUBLICATION NO. 081, ALSO USEFUL. JAPANESE FIRMS THIS INDUSTRY CONCERNED ABOUT DECLINING DOMESTIC ORDERS AND UNDOUBTEDLY MAKING CONCERTED EFFORTS TO WIN EXPORT CONTRACTS IN ORDER TO CONTINUE OPERATING AT FULL CAPACITY.

2. AS INDICATED REF B, PARA 8, GE AND WESTINGHOUSE, WHICH MAINTAIN OFFICES IN JAPAN, SUSPECT THAT THEIR LICENSEES' (TOSHIBA, HITACHI, AND MITSUBISHI ELECTRIC) DOMESTIC PRICES ARE HIGHER THAN THEIR EXPORT PRICES AND THAT DOMESTIC PRICE-LEVEL MAY BE SUBSIDIZING EXPORTS, BUT NEITHER U.S. FIRM ABLE TO DOCUMENT THESE

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ALLEGATIONS BECAUSE JAPANESE UTILITIES WORK WITH SUP-

PLIERS ON EXCLUSIVE, NEGOTIATED BID-BASIS AND EQUIPMENT
PRICES VIRTUALLY NEVER ANNOUNCED.

3. AS INDICATED REF B, PARA 12, GE AND WESTINGHOUSE
COMPETE WITH THEIR JAPANESE LICENSEES IN U.S. AND OTHER
COUNTRIES BUT REACT PHILOSOPHICALLY TO LOSSES OF CONTRACTS
TO OWN JAPANESE AFFILIATES BECAUSE THEY STILL OBTAIN FEES
AND SUBCONTRACTS IN CONNECTION WITH BIDS WON BY THE
JAPANESE FIRMS. IN VIEW THESE COMPLICATED RELATIONSHIPS
EMBASSY WOULD APPRECIATE FURTHER INFORMATION CONCERNING
REF A HYDRO-ELECTRIC PROJECT--INCLUDING ITS NAME AND
LOCATION, BIDDING PROCEDURES, AND, PARTICULARLY, NAMES OF
ALL U.S. AND JAPANESE BIDDERS.
HODGSON

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